



COUNTY OF ERIE
STEFAN I. MYCHAJLIW
COMPTROLLER

August 6, 2013

Mr. Robert Keating
Director of Budget & Management
County of Erie
95 Franklin Street, 16th Floor
Buffalo, New York 14202

Re: 2013/14 IGT Payments and Impact on 2013 Revenue Anticipation Note

Dear Mr. Keating:

To confirm our conversation this date, our office requests that you send a formal letter revising the Intergovernmental Transfer ("IGT") payments scheduled for 2013 and 2014. You realize that "kicking the can" on this payment in this manner will impact the size of the Revenue Anticipation Note ("RAN") that is in process of pre-pricing on August 13, 2013 and ratings being received on August 7, 2013.

It is rather unfortunate that your office never communicated this revision, and only brought it up in conversation just days from when we are to formalize the exact amount of borrowing in the RAN. There is nothing in writing. No formal request to our office. Your office's nonchalant attitude towards sound budgeting practices may put our cash flow in jeopardy, and could force us to change the amount borrowed in the RAN just days before we are expected to complete the sale.

The fact that your office has been included in all the correspondences of the borrowing working group left you ample opportunity to bring this issue up earlier than the day before ratings and a week prior to pre-pricing.

The cash flow being used for that sale and which resulted in sizing the RAN at \$130,000,000 utilized estimated IGT payments that you provided to this Office. Let me reiterate, these aren't our numbers. This information came straight from your office. Frankly put, we can't borrow with a specific amount or pinpoint cash flow figures unless your office provides a firm number.

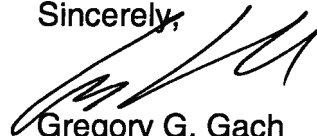
The changes to those estimates, at this extremely late date, are problematic. You stated that ECMCC's Chief Financial Officer Michael Sammarco will be sending a letter to the State Health department requesting this delay but that there are no guarantees that State Health department will make the changes. Please include that in your letter or note if that has changed.

I cannot guarantee that we will change the size of the RAN until we receive your letter and a copy of ECMCC's request along with any copies of correspondences you or ECMCC has had with the New York State regarding IGT payments.

The timing and nature of your request is problematic and disconcerting. Since the estimates are in the cash flow and the County has the ability to close the sale and have adequate cash to make the payments as originally scheduled, the logic behind the request to delay escapes me.

If the State Health Department does not agree to ECMCC's request and we reduce the RAN based on information you provide our office, your administration is putting the County in the position of not having adequate cash available to meet its obligations.

Sincerely,



Gregory G. Gach
Deputy Comptroller

Cc: Kenneth Vetter, ECFSA Executive Director
Erie County Legislature
Stefan I. Mychajliw, Erie County Comptroller
Mark C. Poloncarz, Erie County Executive